

SJ-EXHIBIT 4

U.S. DEPARTMENT OF JUSTICE
DRUG ENFORCEMENT ADMINISTRATION

NOTICE OF INSPECTION
OF CONTROLLED PREMISES

DEA USE ONLY
FILE NUMBER

NAME OF INDIVIDUAL MATTHEW ROGOS	TITLE OPERATIONS MGR
NAME OF CONTROLLED PREMISES HBC Services Company	DEA REGISTRATION NO. RH0389773
NUMBER AND STREET 601 A Meadowlands Blvd.	DATE 08-12-2013
CITY AND STATE Washington, PA	ZIP CODE 15301
	TIME (initial inspection)

STATEMENT OF RIGHTS

1. You have a constitutional right not to have an administrative inspection made without an administrative inspection warrant.
2. You have the right to refuse to consent to this inspection.
3. Anything of an incriminating nature which may be found may be seized and used against you in a criminal prosecution.
4. You shall be presented with a copy of this Notice of Inspection.
5. You may withdraw your consent at any time during the course of the inspection.

ACKNOWLEDGMENT AND CONSENT

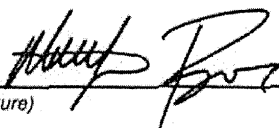
I, John M. Conlon, have been advised of the above Statement of Rights
(Name)
by DEA Investigator John M. Conlon, who
(Title and Name)

has identified himself/herself to me with his/her credentials and presented me with this Notice of Inspection containing a copy of sections 302(f) and 510(a), (b) and (c) of the Controlled Substances Act (21 U.S.C. 822(f) and 21 U.S.C. 880(a), (b) and (c)), printed hereon, * authorizing an inspection of the above-described controlled premises. I hereby acknowledge receipt of this Notice of Inspection. In

addition, I hereby certify that I am the OPERATIONS MANAGER
(President) (Manager) (Owner)

for the premises described in this Notice of Inspection; that I have read the foregoing and understand its contents; that I have authority to act in this matter and have signed this Notice of Inspection pursuant to my authority.

I understand what my rights are concerning inspection. No threats or promises have been made to me and no pressure of any kind has been used against me. I voluntarily give consent for inspection of these controlled premises.


(Signature)
08-12-2013
(Date)

WITNESSES:

John M. Conlon 08-12-2013
(signed) (date)
Jeffrey Sousa 08-12-2013
(signed) (date)

* See Reverse

FORM DEA-82 (11-01) Previous editions are obsolete



Certificate of Registration

Certificate No. 3000008128

(A certificate starting with a number 4, 5 or 6 does not permit the possession or sale of controlled substances or prescription drugs.)

Category:

Distributor (Prescription)

HBC SERVICE COMPANY
DIV. OF GIANT EAGLE, INC.
601 MEADOWLANDS BOULEVARD
WASHINGTON, PA 15301

Drug & Device Registration

132 Kline Plaza
Suite A
Harrisburg, PA 17104
(717) 783-1379

The above business is registered in the required category to conduct and maintain a facility in accordance with the provisions of the Controlled Substance, Drug, Device and Cosmetic Act #64, approved September 9, 1972.

Issuance Date: March 09, 2007
Expiration Date: The Last Day of March, 2014

A handwritten signature in cursive script.

Anna Marie Sossong
Deputy Secretary for Quality Assurance



pennsylvania
DEPARTMENT OF HEALTH

A handwritten signature in cursive script.

Michael Wolf
Acting Secretary of Health

NOTE: THIS CERTIFICATE MUST BE POSTED IN A CONSPICUOUS PLACE ON THE PREMISES.



Board of Pharmacy

WHOLESALE DRUG DISTRIBUTOR PERMIT

July 1, 2013 - June 30, 2014 - Date Issued: May 22, 2013

HBC Service Company

Division of Giant Eagle, Inc.
601 Meadowlands Blvd.
Washington, PA 15301

LICENSE # WD0558704

DEA # RH0389773



Board of Pharmacy

CONTROLLED SUBSTANCE PERMIT

July 1, 2013 - June 30, 2014 - Date Issued: August 07, 2013

HBC ServiceCompany

Division of Giant Eagle, Inc.
601 Meadowlands Blvd.
Washington, PA 15301

LICENSE # MI0000275

DEA # RH0389773

Schedule III Narcotic
Schedule III Non-Narcotic
Schedule IV All
Schedule V All

State of Ohio
STATE BOARD OF PHARMACY

77 South High Street, Room 1702; Columbus, Ohio 43215-6126 TEL: 614/466-4143 FAX: 614/752-4836 EML: licensing@bop.ohio.gov

Be it known that the DISTRIBUTOR OF CONTROLLED SUBSTANCES named below has given satisfactory evidence that all statutory requirements (WHOLESALER -- ORC Sections 3719.021 & 3719.03; MANUFACTURER -- ORC Sections 3719.02 & 3719.03) have been met, is duly registered, and is entitled to distribute controlled substances in the state of Ohio until the expiration date of JUNE 30, 2014:

Identification Number WCSW . 2458

0464

RESPONSIBLE PERSON:

GREGORY L. CARLSON PDM

2014
HBC SERVICE COMPANY, AN OPERATING
DIVISION OF GIANT EAGLE, INC.
601 MEADOWLANDS BLVD.
WASHINGTON PA 15301

SIGNATURE OF RESPONSIBLE PERSON

Any change of responsible person must be reported within thirty days on a "Notification of Change of Responsible Person" form.

Before change of name, address, or ownership, immediately notify the Licensing Department of the State Board of Pharmacy.

CLASS: Controlled Substance Wholesaler

SIGN AND KEEP IN A READILY RETRIEVABLE LOCATION AT THIS ADDRESS

State of Ohio
STATE BOARD OF PHARMACY

77 South High Street, Room 1702; Columbus, Ohio 43215-6126 TEL: 614/466-4143 FAX: 614/752-4836 EML: licensing@bop.ohio.gov

Be it known that the WHOLESALE DISTRIBUTOR OF DANGEROUS DRUGS named below has given satisfactory evidence that all statutory requirements (ORC Sections 4729.52 & 4729.53) have been met, is duly registered, and is entitled to distribute dangerous drugs at wholesale in the state of Ohio until the expiration date of JUNE 30, 2014:

Identification Number WCOR . 011702550

01206

RESPONSIBLE PERSON:

GREGORY L. CARLSON PDM

2014
HBC SERVICE COMPANY, AN OPERATING
DIVISION OF GIANT EAGLE, INC.
601 MEADOWLANDS BLVD.
WASHINGTON PA 15301

SIGNATURE OF RESPONSIBLE PERSON

Any change of responsible person must be reported within thirty days on a "Notification of Change of Responsible Person" form.

Before change of name, address, or ownership, immediately notify the Licensing Department of the State Board of Pharmacy.

CLASS: Wholesale DDD - Wholesale W/in Own Corp - Category Three

COMPUTATION CHART

FIRM/DEA# RH0389773FILE # HBCAUDIT PERIOD 2/11/13 to 8/12/13

C o B

(SIZE)	DRUG	B.O.B. INITIAL INV.	RECEIPT	TOTAL ACCOUNT.	B.O.B. CLOSING INV.	SALES	TOTAL ACCOUNT	DIFF. #	%
500's	Hydro 5mg	0	11,412	11412	1692	9720	11412	0	0
100's	Hydro 7.5mg	534	5568	6102	411	5691	6102	0	0
100's	Hydro 10mg	0	18264	18264	2572	15692	18264	0	0
60's	ALPRAZ 1mg	0	120	120	27	93	120	0	0
100's	ALPRAZ 2mg	194	2496	2690	417	2273	2690	0	0
100's	AP/COD 60mg	162	984	1146	146	1000	1146	0	0
100's	CHLORD 10mg	0	396	396	97	299	396	0	0
734 mL	Apap Codexl 12mg/5mL	108	468	576	63	513	576	0	0

Pharmacy Warehouse Inventory Adjustments

Registrant: HBC Service Company DEA# RH0389773

From beginning of business day 2/11/2013 to close of business day 8/12/2013

Selected Items: 181644 - HYDROCO/APAP 5-500MG TAB - 00591034905 - 500 TAB

Drug Name, Strength, Form	Sc hd	HBC Item #	NDC #	Invoice Date	Adjustment Reason	Adjustment Quantity
HYDROCO/APAP 5-500MG TAB 500 TAB	3	181644	00591034905	3/12/2013	Damage Destroy	-1
HYDROCO/APAP 5-500MG TAB 500 TAB	3	181644	00591034905	3/31/2013	Damage Destroy	-11
HYDROCO/APAP 5-500MG TAB 500 TAB	3	181644	00591034905	4/23/2013	Damage Destroy	-2
HYDROCO/APAP 5-500MG TAB 500 TAB	3	181644	00591034905	5/8/2013	Damage Destroy	-1
HYDROCO/APAP 5-500MG TAB 500 TAB	3	181644	00591034905	7/7/2013	Damage Destroy	-9

Handbill adjustments are included in NDC audit reports as quantities shipped.

Report Executed: 8/12/2013 7:44:27 PM

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US-DEA-00030610

DEA BIENNIAL REPORT

11/1/2012

NDC Audit Sheet

Registrant: HBC Service Company
 Initial Inventory Date: 11/1/2012 Beginning of Business
 Closing Inventory Date: 11/2/2012 Close of Business

DEA# RH0389773

Selected items: All Controlled Items in schedule: 3 4 5

Drug Name, Strength, Form	Schd	HBC Item #	NDC #	Inventory Dates		Initial Inventory	Var Units	Dollar Value
				Min	Max			
ALPRAZOLAM 0.25MG TAB - 500 TAB	4	145045	00781106105	11/1/2012	11/2/2012	852	0	\$2,982.00
ALPRAZOLAM 0.5MG TAB - 500 TAB	4	144758	00781107705	11/1/2012	11/2/2012	1,327	0	\$5,308.00
ALPRAZOLAM 1MG TAB - 500 TAB	4	144485	47335060513	11/1/2012	11/2/2012	519	0	\$2,439.24
ALPRAZOLAM 2MG TAB - 100 TAB	4	144956	47335060688	11/1/2012	11/2/2012	399	0	\$917.66
ALPRAZOLAM ER 0.5MG TAB - 60 TAB	4	145268	59762005701	11/1/2012	11/2/2012	94	0	\$376.00
ALPRAZOLAM ER 1MG TAB - 60 TAB	4	144881	59762005901	11/1/2012	11/2/2012	142	0	\$586.46
ALPRAZOLAM ER 2MG TAB - 60 TAB	4	145177	59762006601	11/1/2012	11/2/2012	54	0	\$273.78
APAP/CODEIN 120-12MG/5ML ELX - 473 ML	5	145334	00603102058	11/1/2012	11/2/2012	299	0	\$1,270.75
APAP/CODEIN 300/30 MG TAB - 1000 TAB	3	118398	00603233832	11/1/2012	11/2/2012	336	0	\$13,087.20
APAP/CODEIN 300/60MG TAB - 100 TAB	3	118406	00603233921	11/1/2012	11/2/2012	408	0	\$3,304.80
ASCOMP COD 30MG CAP - 100 CAP	3	242958	51991007401	11/1/2012	11/2/2012	169	0	\$5,915.00
BUT/APAP/CAF CODEIN CAP - 100 CAP	3	144386	00603255321	11/1/2012	11/2/2012	116	0	\$1,595.00
BUT/ASA/CAFF CAP - 100 CAP	3	144931	00591321901	11/1/2012	11/2/2012	190	0	\$2,964.00
BUTORPHANOL 10MG/ML SOL - 3 ML	4	118315	00054309036	11/1/2012	11/2/2012	148	0	\$999.01
CARISOPRODOL 350MG TAB - 500 TAB	4	172395	00603258228	11/1/2012	11/2/2012	362	0	\$6,859.90
CLONAZEPAM 0.5MG TAB - 100 TAB	4	118414	00603294821	11/1/2012	11/2/2012	3,810	0	\$4,381.50
CLONAZEPAM 1MG TAB - 100 TAB	4	118422	00603294921	11/1/2012	11/2/2012	2,457	0	\$3,562.65
CLONAZEPAM 2MG TAB - 100 TAB	4	118430	00603295021	11/1/2012	11/2/2012	407	0	\$895.40
CLORAZ DIPOT 3.75MG TAB - 100 TAB	4	145342	00378003001	11/1/2012	11/2/2012	123	0	\$905.26
CLORAZ DIPOT 7.5MG TAB - 100 TAB	4	118323	63304055301	11/1/2012	11/2/2012	147	0	\$1,309.74

DIAZEPAM 10MG TAB - 100 TAB	4	144501	00172392760	11/1/2012	11/2/2012	762	0	\$723.90
DIAZEPAM 2MG TAB - 100 TAB	4	144527	00603321321	11/1/2012	11/2/2012	278	0	\$381.40
DIAZEPAM 5MG TAB - 500 TAB	4	118562	00172392670	11/1/2012	11/2/2012	359	0	\$1,687.33
DIPHEN/ATROP 2.5MG TAB - 100 TAB	5	144857	00378041501	11/1/2012	11/2/2012	1,224	0	\$9,326.88
EEMT 1.25-2.5MG TAB - 100 TAB	3	169599	53746007801	11/1/2012	11/2/2012	153	0	\$3,060.00
EEMT HS 0.625-1.25MG TAB - 100 TAB	3	169581	53746007701	11/1/2012	11/2/2012	143	0	\$2,860.00
GUAFENESIN DAC SOL - 473 ML	5	144014	16571030116	11/1/2012	11/2/2012	163	0	\$1,629.80
HYDROCO/APAP 10-325MG TAB - 100 TAB	3	141275	00406036701	11/1/2012	11/2/2012	5,866	0	\$19,064.50
HYDROCO/APAP 10-500MG TAB - 100 TAB	3	118596	00603388821	11/1/2012	11/2/2012	1,896	0	\$33,616.08
HYDROCO/APAP 10-650 MG TAB - 100 TAB	3	118604	00603388521	11/1/2012	11/2/2012	786	0	\$8,590.98
HYDROCO/APAP 10-660MG TAB - 100 TAB	3	186742	00603388621	11/1/2012	11/2/2012	1,976	0	\$31,517.20
HYDROCO/APAP 5-325MG TAB - 100 TAB	3	144535	00603389021	11/1/2012	11/2/2012	5,237	0	\$12,306.95
HYDROCO/APAP 5-500MG TAB - 500 TAB	3	118612	00603388128	11/1/2012	11/2/2012	5,065	0	\$113,962.50
HYDROCO/APAP 7.5-325MG TAB - 100 TAB	3	186775	00603389121	11/1/2012	11/2/2012	3,956	0	\$13,450.40
HYDROCO/APAP 7.5-500MG TAB - 100 TAB	3	144550	00406035801	11/1/2012	11/2/2012	2,121	0	\$5439.93
HYDROCO/APAP 7.5-650MG TAB - 100 TAB	3	187856	00603388421	11/1/2012	11/2/2012	99	0	\$856.35
HYDROCOD/HOM 5-1.5MG/5ML SYP - 473 ML	3	144360	50383004316	11/1/2012	11/2/2012	1,869	0	\$44,856.00
HYDROCOD/IBU 7.5-200MG - 100 TAB	3	187831	00603389721	11/1/2012	11/2/2012	738	0	\$2,915.10
LORAZEPAM 0.5MG TAB - 500 TAB	4	118356	63304077205	11/1/2012	11/2/2012	880	0	\$3,432.00
LORAZEPAM 1MG TAB - 500 TAB	4	145516	63304077305	11/1/2012	11/2/2012	776	0	\$3,142.72
LORAZEPAM 2MG TAB - 90 TAB	4	188201	63304077490	11/1/2012	11/2/2012	595	0	\$1,225.70
MODAFINIL 100MG TAB - 30 TAB	4	172189	55253080130	11/1/2012	11/2/2012	87	0	\$22,175.38
MODAFINIL 200MG TAB - 30 TAB	4	172197	55253080230	11/1/2012	11/2/2012	604	0	\$232,540.00
OXAZEPAM 10MG CAP - 100 CAP	4	145292	00228206710	11/1/2012	11/2/2012	92	0	\$5,611.70
OXAZEPAM 15MG CAP - 100 CAP	4	144873	00228206910	11/1/2012	11/2/2012	55	0	\$4,199.83
PENTAZ/NAL 50-0.5MG TAB - 100 TAB	4	144972	00591039501	11/1/2012	11/2/2012	70	0	\$5,186.53
PHENOBARB 4MG/ML ELX - 480 ML	4	145250	00603150858	11/1/2012	11/2/2012	96	0	\$918.11
PHENOBARBITAL 64.8MG TAB - 100 TAB	4	187807	00603516721	11/1/2012	11/2/2012	300	0	\$3,237.00
PHENOBARBITAL 64.8MG TAB - 1000 TAB	4	187385	00603516732	11/1/2012	11/2/2012	53	0	\$5,119.80
PHENOBARBITAL 97.2MG TAB - 100 TAB	4	145326	00603516821	11/1/2012	11/2/2012	228	0	\$3,475.24
PHENTERMINE 30MG CAP - 100 CAP	4	145037	10702002701	11/1/2012	11/2/2012	93	0	\$581.25
PHENTERMINE 37.5MG TAB - 100 TAB	4	145367	10702002501	11/1/2012	11/2/2012	514	0	\$1,850.34
PROMETH/COD 6.25-10MG/5ML SYP - 473 ML	5	187773	00603158558	11/1/2012	11/2/2012	664	0	\$2,622.86
TEMAZEPAM 15MG CAP - 100 CAP	4	187757	00378401001	11/1/2012	11/2/2012	836	0	\$3,327.28
TEMAZEPAM 30MG CAP - 100 CAP	4	187740	00378505001	11/1/2012	11/2/2012	715	0	\$3,553.55

TEMAZEPAM 7.5MG CAP - 100 CAP	4	144840	00406996001	11/1/2012	11/2/2012	60	0	\$15,896.40
ZALEPLON 10MG CAP - 100 CAP	4	187716	00093526901	11/1/2012	11/2/2012	100	0	\$1,233.00
ZALEPLON 5MG CAP - 100 CAP	4	187724	00093526801	11/1/2012	11/2/2012	46	0	\$551.54
ZOLPIDEM 10MG TAB - 100 TAB	4	171116	64679071501	11/1/2012	11/2/2012	3,932	0	\$8,059.81
ZOLPIDEM 5MG TAB - 100 TAB	4	171108	64679071401	11/1/2012	11/2/2012	1,346	0	\$2,018.73
ZOLPIDEM ER 12.5 MG TAB - 100 TAB	4	141366	00955170310	11/1/2012	11/2/2012	491	0	\$61,134.41
ZOLPIDEM ER 6.25 MG TAB - 100 TAB	4	244087	00955170210	11/1/2012	11/2/2012	100	0	\$12,476.00

INITIAL INVENTORY

NDC Audit Item Inventory Details

Registrant: HBC Service Company

DEA# RH0389773

File# _____

Page 1 of 1

Initial Inventory Date: 2/11/2013 Beginning of Business

Closing Inventory Date: 8/11/2013 Close of Business

Inventory Date	Initial Inventory	Received Quantity	Total Accountable For	Closing Inventory	Quantity Distributed/ Transferred	Handbilled Invoices	Adjust ments	Adjust ment Code	Total Accounted For	Total Difference
144550 - HYDROCO/APAP 7.5-500MG TAB - 100 TAB - 00406035801										
2/11/2013	534	0	534	491	43	0	0		534	0
Inventory Date	Initial Inventory	Received Quantity	Total Accountable For	Closing Inventory	Quantity Distributed/ Transferred	Handbilled Invoices	Adjust ments	Adjust ment Code	Total Accounted For	Total Difference
181644 - HYDROCO/APAP 5-500MG TAB - 500 TAB - 00591034905										
2/26/2013	0	5,040	5,040	5,040	0	0	0		5,040	0
Inventory Date	Initial Inventory	Received Quantity	Total Accountable For	Closing Inventory	Quantity Distributed/ Transferred	Handbilled Invoices	Adjust ments	Adjust ment Code	Total Accounted For	Total Difference
181297 - HYDROCO/APAP 10-325MG TAB - 100 TAB - 00603388721										
2/26/2013	0	5,616	5,616	5,616	0	0	0		5,616	0
Inventory Date	Initial Inventory	Received Quantity	Total Accountable For	Closing Inventory	Quantity Distributed/ Transferred	Handbilled Invoices	Adjust ments	Adjust ment Code	Total Accounted For	Total Difference
144956 - ALPRAZOLAM 2MG TAB - 100 TAB - 47335060688										
2/11/2013	194	0	194	179	15	0	0		194	0
Inventory Date	Initial Inventory	Received Quantity	Total Accountable For	Closing Inventory	Quantity Distributed/ Transferred	Handbilled Invoices	Adjust ments	Adjust ment Code	Total Accounted For	Total Difference
118406 - APAP/CODEIN 300/60MG TAB - 100 TAB - 00603233921										
2/11/2013	162	0	162	160	2	0	0		162	0
Inventory Date	Initial Inventory	Received Quantity	Total Accountable For	Closing Inventory	Quantity Distributed/ Transferred	Handbilled Invoices	Adjust ments	Adjust ment Code	Total Accounted For	Total Difference
181016 - ALPRAZOLAM ER 1MG TAB - 60 TAB - 65162081006										
2/27/2013	0	120	120	120	0	0	0		120	0

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US-DEA-00030614

NDC Audit Item Inventory Details

Page 1 of 1

Registrant: HBC Service Company

DEA# RH0389773

File#

Initial Inventory Date: 2/11/2013 Beginning of Business

Closing Inventory Date: 8/11/2013 Close of Business

Inventory Date	Initial Inventory	Received Quantity	Total Accountable For	Closing Inventory	Quantity Distributed/ Transferred	Handbilled Invoices	Adjust ments	Adjust ment Code	Total Accounted For	Total Difference
145334 - APAP/CODEIN 120-12MG/5ML ELX - 473 ML - 00603102058										
2/11/2013	108	0	108	105	3	0	0		108	0
Inventory Date	Initial Inventory	Received Quantity	Total Accountable For	Closing Inventory	Quantity Distributed/ Transferred	Handbilled Invoices	Adjust ments	Adjust ment Code	Total Accounted For	Total Difference
182014 - CHLORDIAZEPOXIDE 10MG CAP - 100 CAP - 43547025210										
3/28/2013	0	132	132	132	0	0	0		132	0

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US-DEA-00030615

NDC Audit Item Inventory Details

Page 1 of 1

Registrant: HBC Service Company

DEA# RH0389773

File# _____

Initial Inventory Date: 2/11/2013 Beginning of Business

Closing Inventory Date: 8/11/2013 Close of Business

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US-DEA-00030616

NDC Audit Item Inventory Details

Page 1 of 1

Registrant: HBC Service Company

DEA# RH0389773

File#

Initial Inventory Date: 2/11/2013 Beginning of Business
Closing Inventory Date: 8/11/2013 Close of Business

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US-DEA-00030617

U.S. Department of Justice
Drug Enforcement Administration

REPORT OF INVESTIGATION

Page 1 of 17

1. Program Code	2. Cross File Related Files	3. File No. [REDACTED]	4. G-DEP Identifier [REDACTED]
5. By: John M Conlon, DI At: Pittsburgh DO	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	6. File Title HBC SERVICES COMPANY 601A Meadow Lands BLVD WA, PA 15031	
7. <input checked="" type="checkbox"/> Closed <input type="checkbox"/> Requested Action Completed <input type="checkbox"/> Action Requested By:	<input type="checkbox"/>	8. Date Prepared 08-13-2013	
9. Other Officers:			
10. Report Re: Case Closing and Cyclic Investigation of HBC Service Company, 601 A Meadowland Blvd., Washington, PA DEA # RH0389773 [REDACTED]			

SYNOPSIS

On August 12, 2013, pursuant to the Pittsburgh District Office cyclic workplan for FY 2013, Investigators John Conlon and Jeff Sousa conducted an on-site regulatory investigation of HBC SERVICES COMPANY, INC., a Division of GIANT EAGLE, INC., located at 601 A Meadowlands Boulevard, Washington, PA 15301.

HBC SERVICE COMPANY, INC. is registered with DEA as a distributor, under DEA registration number RH0389773 to handle controlled substances in schedules 3, 3N, 4 and 5. This registration expires on October 31, 2014. The on site portion of this investigation began on August 12, 2013 and concluded on August 13, 2013.

This investigation revealed no discrepancies with respect to recordkeeping or security. Therefore, this case is closed.

11. Distribution: Division	12. Signature (Agent) John M Conlon, DI	13. Date 08-14-2013
District	14. Approved (Name and Title) /s/ Kurt G Dittmer, GS	15. Date 08-27-2013
Other [REDACTED]		

DEA Form - 6
(Jul. 1996)

DEA SENSITIVE
Drug Enforcement Administration

This report is the property of the Drug Enforcement Administration.
Neither it nor its contents may be disseminated outside the agency to which loaned.

Previous edition dated 8/94 may be used.

U.S. Department of Justice
Drug Enforcement Administration

REPORT OF INVESTIGATION <i>(Continuation)</i>	1. File No. [REDACTED]	2. G-DEP Identifier [REDACTED]
	3. File Title HBC SERVICES COMPANY 601A Meadow Lands BLVD WA, PA 15031	
4. Page 2 of 17		
5. Program Code	6. Date Prepared 08-13-2013	

ENCLOSURES

1. DEA-82 - Notice of Inspection
2. PA Dept of Health Drug Distributorship Certificate
3. West VA Pharmacy Drug Distributorship Permit
4. State of Ohio Pharmacy Drug Distributorship Certificate
5. Audit Computation Chart
6. DEA Biennial Inventory
7. Initial Inventory
8. HBC NDC Audit Sheets and Sample Detail Reports
9. HBC sample purchase records
10. List of persons with access to controlled substances
11. Sample Inventory Adjustment Form

DEA Form - 6a
(Jul. 1996)

DEA SENSITIVE
Drug Enforcement Administration

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U.S. Department of Justice
Drug Enforcement Administration

REPORT OF INVESTIGATION <i>(Continuation)</i>	1. File No. [REDACTED]	2. G-DEP Identifier [REDACTED]
	3. File Title HBC SERVICES COMPANY 601A Meadow Lands BLVD WA, PA 15031	
4. Page 3 of 17		
5. Program Code	6. Date Prepared 08-13-2013	

DETAILS

1. BASIS OF INVESTIGATION

On August 12, 2013, pursuant to the Pittsburgh District Office cyclic workplan for FY 2013, Investigators John Conlon and Jeff Sousa conducted an on-site regulatory investigation of HBC SERVICES COMPANY, INC., a Division of GIANT EAGLE, INC., located at 601 A Meadowlands Boulevard, Washington, PA 15301, telephone number 724-8703-5100.

HBC SERVICE COMPANY is registered with DEA as a distributor under DEA# RH0389773 to distribute Schedule III thru V controlled substances. This registration expires on October 31, 2013. This investigation was initiated on August 12, 2013, and concluded on August 13, 2013 with a meeting with management.

2. SUBJECT FIRM'S BACKGROUND

HBC (Health and Beauty Care) SERVICE COMPANY, located at 601 A Meadowlands Boulevard, Washington, PA, 15301, is a division of GIANT EAGLE, INC., with corporate headquarters at 101 Kappa Drive, Pittsburgh, PA, 15238. The subject firm distributes general merchandise, health and beauty aids, over-the-counter products containing List I chemicals, and Scheduled III - V controlled substances to approximately 220 Giant Eagle supermarkets located in Pennsylvania, West Virginia, and Ohio. Giant Eagle pharmacies are the subject firm's sole customer base. HBC SERVICE COMPANY had \$157,000,000 dollars in sales during 2012, of which controlled substances accounted for less than one percent.

HBC SERVICE COMPANY, hereinafter referred to as HBC, was approved as a drug distributor in 2009 and issued DEA registration number RH0389773 under DEA file number [REDACTED]. This registration expires on October 31, 2013. HBC was the subject of its first regulatory inspection/cyclic investigation in May 2011, and documented under DEA file number [REDACTED]. The result of this investigation revealed minor recordkeeping violations (an overage due to computer software malfunction).

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HBC is also registered with DEA as a distributor of List I chemicals under DEA Registration Number 001753HVY. The subject firm was the subject of in-depth chemical regulatory/cyclic investigations in 2002 [REDACTED], 2004 [REDACTED], and 2008 [REDACTED]. No violations were uncovered during these investigations.

HBC is licensed with the Commonwealth of Pennsylvania, Department of Health, as a distributor of prescription medicine, Certificate Number 3000008128, which expires on March 31, 2014 (ENCLOSURE #2). HBC is licensed with the State of West Virginia, Board of Pharmacy as a wholesale drug distributor under license number WD0558704, which expires on June 30, 2014 (ENCLOSURE #3). HBC is licensed with the State of Ohio, Board of Pharmacy as a distributor of controlled substances under ID Number WCSW 2458 0464. This registration expires on June 30, 2014 (ENCLOSURE #4).

3. PERSONS INTERVIEWED AND INDIVIDUAL RESPONSIBILITIES

On August 12, 2013, Investigators Conlon and Sousa presented their credentials and a Notice of Inspection (DEA Form 82) (ENCLOSURE #1) to Matt ROGOS, HBC Distribution Operations Manager, for the subject firm. ROGOS then read and signed the DEA Form 82, giving his consent for the inspection to proceed. ROGOS stated that he is responsible for the subject firm's operations, with respect to controlled substances and List I chemicals. ROGOS and Christy HART, HBC Senior Coordinator Pharmacy Operations, provided all the necessary records and information required to conduct this investigation.

4. PRINCIPALS OF THE FIRM

Lora Karet, President and COO
Larry Baldauf, Senior VP of Distribution
Robert Schreck, VP of Distribution
Matthew Rogos, Distribution Operations Manager

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NADDIS queries on these individuals did not reveal any negative information.

5. SCOPE OF INVESTIGATION

The on-site portion of the investigation commenced on August 12, 2013, and concluded on August 13, 2013, with a meeting with management.

An accountability of hydrocodone 5mg. tablets (500 count bottles), hydrocodone 7.5mg. tablets (100 count bottles), hydrocodone 10mg. tablets (100 count bottles), acetaminophen with codeine 60mg. tablets (100 count bottles), alprazolam 1mg. tablets (60 count bottles), alprazolam 2mg. tablets (100 count bottles), chlordiazepoxide 10mg. tablets (100 count bottles), and apap. with codeine 12mg/5ml elixir (734 ml bottles) was conducted for the period February 11, 2013 (BOB), through August 12, 2013 (COB).

The results of this audit are listed below and documented on the attached computation chart (ENCLOSURE #5). This accountability audit revealed no discrepancies. (All figures are in dosage units)

<u>Drug</u>	<u>Init.</u> <u>Inv.</u>	<u>Purch.</u>	<u>Total</u>	<u>Clos.</u> <u>Inv.</u>	<u>Sales</u>	<u>Total</u>	<u>%</u>
Hydrocod 0 5mg.	0	5,706,000	5,706,000	846,000	4,860,000	5,706,000	
Hydrocod 200 0 7.5mg	53,400	556,800	610,200	41,100	569,100	610,	
Hydrocod 0 10mg.	0	1,826,400	1,826,400	257,200	1,569,200	1,826,400	

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Alprazolol 0 1mg.	0	7,200	7,200	1,620	5,580	7,200
Alprazolol 2mg.	19,400	249,600	269,000	41,700	227,300	269,000
Apap/Codol 60mg	16,200	98,400	114,600	14,600	100,000	114,600
Chlordiazol 10mg.	0	39,600	39,600	9,700	29,900	39,600
Codeine elix.12mg/ 5ml	79,272	343,512	422,784	46,242	376,542	422,784

6. RECORDKEEPING

Biennial Inventory:

A biennial inventory, as required by Title 21 C.F.R. 1304.11 (c), was taken by the subject firm on Nov. 1, 2012. (ENCLOSURE #6)

Initial Inventory:

The figures for the initial inventory portion of the audit were taken from the firm's "NDC Audit Item Inventory" report dated Feb. 11, 2013. Among other internal data, this computer-generated report captures the date, drug name, strength, bottle size, and quantity on hand for each controlled substance. ROGOS provided these figures as factual for the

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purposes of the audit's initial inventory. These records were maintained in accordance with the requirements set forth in Title 21 C.F.R. 1304.11.

Closing Inventory:

On August 12, 2013, DIs Conlon and Sousa conducted a physical count, closing inventory, which was witnessed by ROGOS. This physical count was compared against the subject firm's "Item Inquiry" report which is a daily control substance inventory report, sorted by item number associated with each separate controlled substance. Among other internal data, this computer-generated report captures the date, time, drug name, strength, bottle size, and quantity on hand for each controlled substance. These figures were compared against the actual physical count and no discrepancies were found. These records were maintained in accordance with the requirements set forth in Title 21 C.F.R. 1304.11.

Receiving/Purchasing Records:

The subject firm's purchase records are documented via the the original purchase invoices from the drug suppliers, which are physically maintained and entered into a computer database by drug item number. These figures are captured on the subject firm's "NDC Audit Item Inventory Detail" report, a computer-generated report which, among other internal data, captures a complete, daily perpetual inventory of purchases and distributions of a particular controlled substance by date range (ENCLOSURE #9). A random selection of several purchases were taken from the "NDC Audit Item Inventory Detail" report, and compared against the original source document/purchase invoices for accuracy. No discrepancies were noted. These records were maintained in accordance with the requirements set forth in Title 21 C.F.R. 1304.22(b). It should be noted that although the subject firm's drug distribution warehouse has computerized access to the "NDC Audit Item Inventory Detail" report, in order to compare this report against the original source document/purchase invoices, the investigators had to travel to the subject firm's corporate headquarters located at the RIDC Industrial Park, 101 Kappa Drive, Bldg. III, Pittsburgh, PA 15238. All purchases are a function of a centralized purchasing unit base at the subject firm's corporate headquarters. On August 13, 2013, Investigators met with Asst. Purchasing Mgr. Kris Remas to review

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purchasing records. No discrepancies were found. It should be noted that the subject firm submitted a written request for authorization for central recordkeeping for the purchase records to be physically stored at its corporate headquarters during the cyclic investigation conducted in 2011 under file number [REDACTED]

Sales/Distribution Records:

Since HBC is a division of Giant Eagle Supermarkets, its sole customer base is 220 Giant Eagle pharmacies located throughout PA, W.VA, and OH. Sales are initiated at the store level and are computer-generated from the individual store and transmitted to the subject firm on a daily basis. These computer-generated invoices capture information such as pharmacy location, DEA number, date of distribution, drug, strength and quantity sold (ENCLOSURE #8). These distribution transactions are captured on the subject firm's "Item Invoice Report" which documents daily distributions, within a specified date range, of each particular controlled substance to all customers. These records were maintained in accordance with the requirements set forth in Title 21 C.F.R. 1304.22(b).

DAMAGED/RETURNED ITEMS:

There were no returned items noted during the audit period. The subject firm utilizes Capital Returns as its reverse distributor in order to destroy controlled substances. There were no destructions of controlled substances noted during the audit period. There were 24 damaged bottles of hydrocodone 5mg. (500 bottle count) that were segregated and secured within the Schedule III through V drug cage, which were awaiting destruction. The damage to these bottles was documented via internal emails, and subsequently recorded on a computerized variance report entitled "Pharmacy Warehouse Inventory Adjustments" report. These 24 bottles were factored into the above audit. No discrepancies were found (ENCLOSURE #11).

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7. **ARCOS**

Prior to conducting the onsite inspection, Investigator Conlon requested an ARCOS print out from Program Analyst June Howard of the ARCOS Unit at DEA HQ, ADS /ODPT, of the pre-selected controlled substances to be audited. Kris REMAS, of the subject firm's corporate headquarters, advised that she is responsible for reporting to ARCOS on a quarterly basis. ARCOS reports are current. However, there was an ARCOS Error Report which indicated there were XX of errors of NDC codes reported. REMAS was made aware of these errors and advised that she would research the correct NDC codes and transmit a corrected report to ARCOS. The information contained in ARCOS was utilized to verify purchase information supplied by the subject firm during the audit period. No discrepancies were noted.

8. **SECURITY**

HBC SERVICE COMPANY is the sole occupant of a 305,000 square foot warehouse, constructed of steel reinforced poured concrete, concrete block, and steel. This warehouse is located within the Meadowlands Industrial Park, a light industrial park in rural Washington County, PA. A sign at the entrance to the property identifies the tenant as HBC Service Company. There is no signage that would indicate the presence of a company involved in the distribution of controlled substances or List I chemicals. The firm operates six days per week, 24 hours per day, in three 8-hour shifts. There are approximately 250 warehouse employees working varied hours. Of these personnel, only twelve people have routine access to controlled substances, and an additional forty-five persons have routine access to non-controlled pharmaceutical drugs and List I chemicals.

A visual inspection of the facility revealed strategically-placed passive infrared motion detectors throughout the entire facility. All external doors and internal doors leading to the warehouse are substantially-constructed steel fire doors. All external doors possess balanced magnetic contact alarm switches. All internal/external warehouse doors are accessed via electromagnetic locks, which are activated via a key fob device. These devices are programmed to allow access to only authorized

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persons to secure areas of the warehouse. In addition, these devices allow the subject firm to identify the date and time of employee ingress and egress to the warehouse and secured portions of the warehouse.

The main visitors entrance is protected by a double set of steel reinforced glass double doors. Once a visitor gains entrance into the vestibule area, a receptionist screens all visitors and then releases an electromagnetic lock allowing entrance into the administrative office section of the facility. All visitors are identified and must sign a visitors log. No visitors are left unescorted.

Glass break sensors are located in all rooms with exterior windows. There are forty strategically placed surveillance cameras that are positioned both inside and outside the warehouse facility. These cameras surveil the parking lot, the employee entrance, shipping and receiving doors, and all areas of the warehouse. The video surveillance is stored on site for a period of 30 days, and is archived for a longer period of time at corporate headquarters. The exterior of the warehouse is illuminated from dusk to dawn by industrial grade security lighting.

All controlled substances are stored in a steel cage measuring approximately 30' width x 40' depth x 22' height. The walls and ceiling of the cage, along with cage doors, are constructed of #10 gauge steel mesh fabric. There is one man door, one forklift gate, and one small tote-sized access door to the cage. Each is equipped with a balanced magnetic contact alarm switch and lock. The cage is also equipped with four strategically-placed passive infrared motion detectors. There are also three video surveillance cameras located within the Schedule III through V controlled substance cage. The cage possesses an independently-zoned alarm keypad to activate and deactivate the cage alarm independently from the rest of the warehouse. All elements of this cage meet the requirements specified in 21 CFR 1301.72(b)(4).

The Schedule III through V controlled substances security cage is located in a secure and segregated portion of the warehouse, known as the pharmacy section. This secure and segregated section of the warehouse occupies 12,00 square feet. In addition to the three security cameras located within the controlled substance cage, there are sixteen security cameras

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located within the entire pharmacy section, and an additional four security cameras monitor the exterior perimeter of the pharmacy room. This portion of the warehouse also possesses an independently-zoned alarm keypad to activate and deactivate an alarm independently from the rest of the warehouse.

All HBC team members with access to the cage or those involved in handling the controlled substances undergo required background checks. ROGOS advised that before an employee is hired, a criminal history background check is conducted. He stated that the firm has a "zero tolerance" policy with respect to employee pilferage, which means that an employee caught stealing merchandise is immediately terminated from employment. According to the information provided by ROGOS, the employee screening process and associated security measures are in compliance with the regulations set forth in Title 21 CFR Parts: 1301.76, 1301.90, 1301.92 and 1301.93.

The firm's electronic security is monitored by Sonotrol Security Company. ROGOS advised the investigators that when an alarm sensor is activated in the firm, a signal is transmitted to Sonotrol, who then notifies the South Strabane Township Police Department, located less than five minutes from the firm. After the police department is notified, Sonotrol will call a representative from the subject firm. According to ROGOS, the firm has not had any break-ins or robberies. When an alarm is activated, an audible alarm can be heard throughout the warehouse.

ROGOS stated that, in the event of a power outage, the firm's electronic security is maintained through a battery backup system.

The cage inside the pharmacy room that contains the controlled substances remains locked at all times when not in use. It is permissible for the cage to be unlocked when in use as long as it is being monitored by the coordinator or a member of the management team. Keys to unlock the cage and the alarm activation/deactivation codes are in possession of the HBC operation's management team only.

Prior to a delivery truck arriving or departing from the warehouse facility, exterior mounted video surveillance cameras are viewed at a terminal located in the pharmacy warehouse to ensure there are no unknown

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persons or vehicles near the facilities loading docks. When a delivery truck is backed into the loading dock platform there is a security device that shrouds the rear of the truck making it impossible to gain access to the pharmacy warehouse room from the building's exterior. Once the vehicle is locked in place, the supervisor closes the exterior door before allowing the driver to enter. The supervisor ensures the holding area is secure and then allows the driver into the holding area. Once the exterior door is closed behind the driver, the supervisor will release the holding area door to allow the driver inside the pharmacy warehouse.

The supervisor will then unlock the padlock that secures the grade-level garage door. If the delivery contains controlled substances, the supervisor unlocks the cage so the product can be taken directly into the protected area. The reconciliation takes place inside the cage by the receiver, but excludes the driver. If the driver arrives for pick up, the supervisor follows the same steps indicated for the receiving process before allowing the driver access inside.

On August 12, 2013, investigators tested all aspects of the firm's electronic security. The security was operational and deemed adequate.

ROGOS informed DIs Conlon and Sousa that the following individuals have routine access to HBC's controlled substance storage cage (ENCLOSURE #10):

NAME	SSN	DOB
Jeff Biddle	[REDACTED]	[REDACTED]
William Cudipp		
William Hevia		
Steven Post		
Matt Rogos		
Stephannie Summers		
Justin Baer		
Brain Becquet		
Christy Hart		
Richard Poland III		
John Vinski		
Becky Walton		

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A NADDIS check revealed no derogatory information on these individuals. There is a pool of 45 additional employees who have access to the non-controlled pharmaceutical drugs contained in the pharmacy warehouse, located outside of the Schedule III through V controlled substance cage. These employees undergo the same background checks and have the same level of security as those individual who have access to the controlled substances. When the need arises, on a short term basis, such as an unscheduled illness, a temporary replacement employee maybe transferred from non-controlled drugs to controlled drugs.

9. DUE DILIGENCE

HBC Operations Manager Matt ROGOS advised the investigators that, unlike other drug distributorships, HBC has only one customer, Giant Eagle Pharmacies. All orders for controlled substances are made via dedicated Giant Eagle pharmacy computer systems, whereby only pharmacists can place electronic orders for Schedule III through V controlled substances. ROGOS advised that, at the store level, the pharmacist placing the order may not be the pharmacist on duty when the order is received. When orders are received at the pharmacy, it is the responsibility of a pharmacist and a pharmacy technician to enter controlled substances into the pharmacy inventory. DI Conlon provided ROGOS with the cite from Title 21 CFR section 1301.74(b) which states, "the registrant shall design and operate a system to disclose to the registrant suspicious orders of controlled substances. The registrant shall inform the Field Division Office of the Administration in his area of suspicious orders when discovered by the registrant. Suspicious orders include orders of unusual size, orders deviating substantially from normal patterns and orders of unusual frequency." ROGOS advised, at this time, HBC and/or Giant Eagle, Inc., its parent company, has no computerized software system to indicate that an order may be suspicious. ROGOS advised that if a Giant Eagle pharmacy were to receive unusually high orders of controlled substances from HBC, deviating from other stores, it would be noticed at the Giant Eagle, Inc. headquarters level. ROGOS stated that he will bring this issue to the attention of Greg CARLSON and Kim REMAS of Giant Eagle's headquarters Controlled Substance Purchasing Unit.

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10. MEETING WITH MANAGEMENT

On August 13, 2013, Diversion Investigators Conlon and Sousa meet with HBC Operations Manager Matt ROGOS to discuss the results of the audit. During this meeting, investigators advised ROGOS that both recordkeeping and security are in full compliance with the requirements set forth in Title 21 Code of Federal Regulations. Investigator Conlon advised ROGOS to develop a better system of due diligence.

11. VERIFICATIONS

On August 15, 2013, the Giant Eagle Pharmacy located in Kennedy Township was contacted to verify an order shipped by HBC SERVICE COMPANY, on July 24, 2013. The pharmacist on duty confirmed the purchase of controlled substances from the HBC SERVICE COMPANY.

On August 15, 2013, the Giant Eagle Pharmacy located in Robinson Township was contacted to verify an order shipped by HBC SERVICE COMPANY, on July 24, 2013. The pharmacist on duty confirmed the purchase of controlled substances from the HBC SERVICE COMPANY.

ARCOS records were utilized to verify purchases of controlled substances by HBC SERVICE COMPANY.

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*** (08/2013 [REDACTED]) Regulatory investigation, no violations.

2. ROGOS, Matthew [REDACTED]
[REDACTED]
*** (08/2013 re: [REDACTED]) Employed as OPS. MGR. for HBC (DEA # RH0389773). Access to controlled substances.

3. BIDDLE, Jeff [REDACTED]
[REDACTED]
*** (08/2013 re: [REDACTED]) Employed by HBC (DEA # RH0389773). Access to controlled substances.

4. CUDIPP, William [REDACTED]
[REDACTED]
*** (08/2013 re: [REDACTED]) Employed by HBC (DEA # RH0389773). Access to controlled substances.

5. HEVIA, William [REDACTED]
[REDACTED]
*** (08/2013 re: [REDACTED]) Employed by HBC (DEA # RH0389773). Access to controlled substances.

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6. POST, Steven [REDACTED]

*** (08/2013 re: [REDACTED]) Employed by HBC (DEA # RH0389773). Access to controlled substances.

7. SUMMERS, Stephannie [REDACTED]

*** (08/2013 re: [REDACTED]) Employed by HBC (DEA # RH0389773). Access to controlled substances.

8. BAER, Justin [REDACTED]

*** (08/2013 re: [REDACTED]) Employed by HBC (DEA # RH0389773). Access to controlled substances.

9. BECQUET, Brian [REDACTED]

*** (08/2013 re: [REDACTED]) Employed by HBC (DEA # RH0389773). Access to controlled substances.

10. HART, Christy [REDACTED]

*** (08/2013 re: [REDACTED]) Employed by HBC (DEA # RH0389773). Access to controlled substances.

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11. POLAND, Richard, III
[REDACTED]

*** (08/2013 re: [REDACTED]) Employed by HBC (DEA # RH0389773). Access
to controlled substances.

12. VINSKI, John
[REDACTED]

*** (08/2013 re: [REDACTED]) Employed by HBC (DEA # RH0389773). Access
to controlled substances.

13. WALTON, Becky
[REDACTED]

*** (08/2013 re: [REDACTED]) Employed by HBC (DEA # RH0389773). Access
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